

Regular Session, 2012

SENATE BILL NO. 351

BY SENATOR MURRAY

TAX/LOCAL. Authorizes the parishes of Orleans and Jefferson to establish an automobile rental tax district and levy an automobile rental tax not to exceed two and one-half percent beginning July 1, 2012. (gov sig)

AN ACT

To enact R.S. 47:551.1, relative to local taxes; to authorize the parishes of Jefferson and Orleans to establish an automobile rental tax district which shall be authorized to levy a local tax on the gross proceeds derived from the lease or rental of an automobile pursuant to an automobile rental contract; to require approval of the electorate of the district; to provide for the boundaries, governance, and powers of such districts; to provide for the use of the avails of the tax; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:551.1 is hereby enacted to read as follows:

**§551.1. Automobile rental tax district; parishes of Jefferson and Orleans**

**A.(1) The governing authorities of the parishes of Jefferson and Orleans may each create, by ordinance, an automobile rental tax district, referred to in this Section as the "district". The district shall be a political subdivision of the state as defined in the Constitution of Louisiana.**

**(2) The boundaries of the district shall be coterminous with the**

1 boundaries of the parish creating the district.

2 (3) The parish governing authority creating the district shall be the  
3 governing authority of the district.

4 B.(1)(a) The district is authorized to levy, beginning July 1, 2012, an  
5 automobile rental tax not to exceed two and one-half percent of the gross  
6 proceeds derived from the lease or rental of an automobile pursuant to an  
7 automobile rental contract, less any sales and use tax included in such contract.  
8 The tax shall be in addition to any tax, fee, or license imposed directly or  
9 indirectly.

10 (b) The tax shall be levied only after the question of its levy has been  
11 approved by a majority of the registered voters of the district who vote on the  
12 proposition authorizing the tax at an election held for that purpose in  
13 accordance with the Louisiana Election Code. The election on the question of  
14 the levy of the tax shall be held at the same time as a regularly scheduled  
15 election in the parish creating the district.

16 (c) The tax shall not apply to any automobile rented by an insurance  
17 company as a replacement vehicle for a policyholder or by an automobile dealer  
18 as a replacement vehicle while a customer's vehicle is being serviced or  
19 repaired, nor shall the tax apply to any individual or business who rents a  
20 vehicle as a replacement vehicle while his vehicle is being repaired if the  
21 individual presents to the renter upon return of the rented vehicle a copy of the  
22 repair or service invoice.

23 (2) For purposes of this Section "automobile rental contract" shall mean  
24 all agreements for the rental of an automobile without a driver designated to  
25 carry less than nine passengers for a period of not more than twenty-nine  
26 calendar days. Rental agreements for a period of more than twenty-nine  
27 calendar days shall not be subject to the tax, unless the actual period of the  
28 rental agreement is less than twenty-nine days as a result of the exercise of a  
29 cancellation clause.

C.(1) The avails of the tax in Jefferson Parish shall be distributed as follows:

(a) One-third of the tax shall be distributed to the city of Kenner for arts and recreation.

(b) Two-thirds of the tax shall be distributed to the Jefferson Performing Arts Society for programs on the east and west bank and one-third of that amount shall be distributed to the Westwego Performing Arts Center.

(2) The avails of the tax in Orleans Parish shall be used for road repairs and beautification projects.

D. The parish governing authority creating the district shall prescribe in the ordinance creating the district any other purposes of the district. The parish that created the district and the district may enter into a cooperative endeavor agreement providing for cooperative efforts to exercise any authorized governmental function of the parish.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

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#### DIGEST

Murray (SB 351)

Present law levies for the period from August 1, 1990 through June 30, 2012, a state tax of 2.5% and a local tax of 0.5% of the gross proceeds derived from the lease or rental of an automobile pursuant to an automobile rental contract.

Proposed law authorizes the governing authorities of Jefferson and Orleans to create by ordinance an automobile rental tax district, which is authorized to levy, beginning July 1, 2012, an automobile rental tax not to exceed two and one-half percent of the gross proceeds derived from the lease or rental of an automobile pursuant to an automobile rental contract, less any sales and use tax included in such contract, after approval by the voters of the district in election held at the same time as a regularly scheduled election in the parish creating the district.

The boundaries of the district must be coterminous with the boundaries of the parish and the

parish governing authority must be the governing authority of the district. Authorizes the parish governing authority to prescribe in the ordinance creating the district any other purposes of the district and authorizes the parish and the district to enter into a cooperative endeavor agreement providing for cooperative efforts to exercise any authorized governmental function of the parish.

Proposed law requires the proceeds of the tax in Jefferson to be distributed:

1. One-third to the city of Kenner for arts and recreation.
2. Two-thirds to the Jefferson Performing Arts Society for programs on the east and west bank, one-third of that amount being distributed to the Westwego Performing Arts Center.

Requires the proceeds of the tax in Orleans to be used for road repairs and beautification projects.

Proposed law has the same terms as present law, that is:

It prohibits the tax from applying to automobiles rented by an insurance company as a replacement vehicle for a policyholder or by an automobile dealer as a replacement vehicle while a customer's vehicle is being serviced or repaired, nor to any individual or business who rents a vehicle as a replacement vehicle while his vehicle is being repaired if the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice.

It defines "automobile rental contract" as all agreements for the rental of an automobile without a driver, designated to carry less than 9 passengers for a period of not more than 29 calendar days. Rental agreements for a period of more than 29 calendar days are not subject to the tax, unless the actual period of the rental agreement is less than 29 days as a result of the exercise of a cancellation clause.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:551.1)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Limits the proposed law to an authorization for the creation of an automobile rental tax district and the levy of an automobile rental tax of two and one-half percent in the parishes of Jefferson and Orleans.